

Request for Proposal for Medical Third-Party Administrator
Recommendation for Award of Contract

November 8, 2021

Background:

- *February – March, 2021:* Development of the RFP scope of work, evaluation criteria, and minimum requirements. Quotes on an optional group Medicare Advantage plan (with and without Part D prescription drug coverage) as a potential replacement for the Special Medicfill Medicare Supplement plan were also requested.
- *April, 2021:* Released RFP.
- *May – June, 2021:* Received four intent-to-bids and two bids – Aetna (incumbent for HMO and CDH Gold plans) and Highmark Delaware (incumbent for Comprehensive PPO, First State Basic and Special Medicfill Medicare Supplement plans). Both bids contained proposals for the four non-Medicare plans (HMO, CDH, Comprehensive PPO and First State Basic), the Special Medicfill Medicare Supplement Plan and a group Medicare Advantage plan with and without Part D prescription drug coverage.
- *July – mid-September, 2021:* The Statewide Benefits Office (SBO) and Willis Towers Watson (WTW) reviewed the proposals and sent follow-up questions as necessary.
- *September 13-14, 2021:* The Proposal Review Committee (PRC) met to review relevant historical context, consider the analysis of the bid responses and WTW's report on reference checks. Afterward, WTW issued additional follow-up questions to the bidders and continued reference checks.
- *October 4, 2021:* The PRC reconvened to review and discuss answers to follow-up questions raised during the prior meetings on September 13-14. Finalist interviews were conducted and Highmark Delaware and Aetna presented their qualifications, demonstrated their member-facing and account management on-line resources and overall capabilities. Afterward, WTW issued additional follow-up questions to the bidders and continued reference checks.

- *October 18, 2021:* The PRC reconvened to review and discuss additional information received from the finalists. The PRC also discussed the pros and cons of offering a Medicare Advantage plan to Medicare pensioners in lieu of the Special Medicfill Medicare Supplement plan. Instructions for the PRC to score each bidder were also reviewed. Following this meeting, PRC members were asked to complete their scoresheets for each bidder in accordance with the RFP requirements and were submitted electronically via email to the SBO and WTW for compilation.
- *November 2, 2021:* The PRC reconvened to review and discuss the results of the compiled scoresheets and reach a consensus on the scores. The PRC voted affirmatively on the following recommendations:
 - **Medicare plan options** (Special Medicfill Medicare Supplement and Medicare Advantage):
 - Both Highmark Delaware and Aetna are qualified to administer both a Special Medicfill Medicare Supplement plan as well as a group Medicare Advantage product to the Medicare pensioner population, with Highmark Delaware’s Medicare Advantage product being slightly more favorable than Aetna’s product based on the results of the scoring.
 - Of a total of 125 points, the scores by plan were as follows:
 - Special Medicfill Medicare Supplement: Highmark Delaware scored 80.4, Aetna scored 78.2
 - Medicare Advantage: Highmark Delaware scored 83.0, Aetna scored 80.2
 - The PRC recommends continued evaluation of these Medicare plan options in accordance with the recommendations from the Retirement Benefits Study Committee (released on November 1, 2021), with no immediate contract award of a Medicare product at this time.
 - The PRC also recommends that the State Employee Benefits Committee (SEBC) should reach a decision on the administration of a Medicare plan for calendar year 2023 no later than March 31, 2022, in order to provide sufficient time for implementation of that plan option before the current Special Medicfill Medicare Supplement plan contract

terminates on December 31, 2022. Should the SEBC wish to offer the Special Medicfill Medicare Supplement plan beyond December 31, 2022, then the SEBC could potentially do so through an award to Highmark Delaware based on the scoring results by the PRC.

- **Non-Medicare plan options** (Comprehensive PPO, First State Basic, CDH and HMO):
 - Of a total of 125 points, the scores by plan were as follows:
 - Comprehensive PPO & First State Basic: Highmark Delaware scored 85.5, Aetna scored 83.5
 - CDH: Highmark Delaware scored 84.2, Aetna scored 84.0
 - HMO: Highmark Delaware scored 85.0, Aetna scored 83.5
 - The PRC agreed that while Highmark Delaware’s score was higher than Aetna’s across all non-Medicare plan options, there were concerns about the impact of consolidating all non-Medicare plan options with one bidder, such as the impact this would have on competition among medical TPAs and providers/facilities in Delaware. There were also concerns about the limited transparency into the impact of Highmark Delaware and Christiana Care’s joint venture on the GHIP, as well as concerns about the possibility of forgoing potential benefits to the GHIP and plan participants that could be gleaned from elements of Aetna’s proposal.
 - Based on the above, the PRC recommends the non-Medicare plan options remain with two vendors and does not see anything in either bidder’s proposal that differentiated the bidders’ medical administration enough to warrant a change in the current TPA administering each plan option – Highmark Delaware for the PPO and FSB plans and Aetna for the CDH and HMO plans.
 - The PRC also agreed that there is potential value in considering the new programs and value-added services proposed by the bidders for their respective awarded plans. This would include the disease and care management program options for each vendor, the type of HMO plan offered by Aetna (i.e., with or without a “PCP gatekeeper”) and a recommendation on the Everside Health primary care model for the Aetna CDH Gold

and HMO plans. The PRC also agreed that continued evaluation and discussion of these options should occur with both the Financial and Health Policy & Planning Subcommittees, with recommendations brought to the SEBC in February 2022 for a July 1, 2022 effective date.

- As such the PRC recommends the following:

Recommendation

RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal for Medical Third-Party Administration, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

- Continued evaluation of the Medicare plan options in accordance with the recommendations from the Retirement Benefits Study Committee (released on November 1, 2021), with no immediate contract award of a Medicare product at this time. A decision on the administration of a Medicare plan for calendar year 2023 should be made no later than March 31, 2022, in order to provide sufficient time for implementation of that plan option before the current Special Medicfill Medicare Supplement plan contract terminates on December 31, 2022. Should the SEBC wish to offer the Special Medicfill Medicare Supplement plan beyond December 31, 2022, then the SEBC could potentially do so through an award to Highmark Delaware based on the scoring by the PRC.
- Contract award of the HMO and CDH Gold plans to Aetna for an initial three-year term effective July 1, 2022 through June 30, 2025, with two optional one-year period extensions. Such award shall be subject to approval of the Department of Technology and Information and Department of Insurance and a finalized contract which shall include performance guarantees.
- Contract award of the Comprehensive PPO and First State Basic plans to Highmark Delaware for an initial three-year term effective July 1, 2022 through June 30, 2025, with two optional one-year period extensions. Such award shall be subject to approval of the Department of Technology and Information and Department of Insurance and a finalized contract which shall include performance guarantees.
- Continued evaluation and discussion by both the Financial and Health Policy & Planning Subcommittees, with recommendations brought to the SEBC in February 2022, with respect to

the disease and care management options for each vendor, the type of HMO plan for Aetna, and a recommendation on the Everside Health primary care model for the Aetna CDH Gold and HMO plans.